INFORMATION BULLETIN

Employment Development Department
State of California

JOB TRAINING PARTNERSHIP ACT

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TO: SERVICE DELIVERY AREA ADMINISTRATORS
PRIVATE INDUSTRY COUNCIL CHAIRPERSONS
JTPD PROGRAM OPERATORS
EDD JOB SERVICE OFFICE MANAGERS
JTPD STAFF

SUBJECT: JTPA CLOSEOUT WORK GROUP MEETING SUMMARY

The Job Training Partnership Act Closeout Work Group held its first meeting on February 17, 1999. Attached is a summary of the meeting. The work group will meet on March 3, 1999, to further define issues and formulate recommendations. In addition to the assistance provided by the work group, the Job Training Partnership Division (JTPD) seeks suggestions, comments, or concerns from all Service Delivery Areas (SDA). This information will assist JTPD in developing closeout training, identifying state policy issues, and in formulating recommendations to the Department of Labor.

The SDA may submit their comments directly or in writing by contacting Jean Cole of the Policy Unit at (916) 654-8284 or by email at jcole@edd.ca.gov, or Don MacMillan of the Capacity Building Unit at (916) 654-8308 or by email at dmacmill@edd.ca.gov.

/S/ BILL BURKE
Assistant Deputy Director

Attachment

JTPA Closeout Work Group
Meeting Minutes
February 17, 1999

The Job Training Partnership Act (JTPA) Closeout Work Group, comprised of federal, state and local representatives, is responsible for identifying closeout issues and topics requiring policy guidance and/or training, and for making recommendations to the Department of Labor (DOL) on closeout issues not addressed to date.

The following information provides a synopsis of the issues discussed at the meeting.

Closeout Procedures/Activities

The DOL will use the standardized grant closeout package to closeout JTPA. The DOL's draft closeout and transition document indicates that the final expenditure report from the state is due 180 days after the end of the expenditure period. The state must establish a more restrictive due date for final expenditure reports from Service Delivery Areas (SDA), and SDAs must also establish due dates for reports from their service providers.

Draft guidance from DOL points out that states have until December 31, 2000, to submit the final expenditure report. However, DOL also states that JTPA funding is available for closeout activities through June 30, 2001. State staff will follow-up with the DOL work group representatives to clarify and differentiate between the two timelines. If the state is allowed to hold funds for closeout activities until June 30, 2001, the Employment Development Department (EDD) will have to establish a separate account for these funds. State staff will follow-up to ensure this approach is in accordance with state mandates.

The resolution of audit findings is another issue identified by the work group. The costs associated with resolving findings, resultant disallowed costs and collection activities are not funded after June 30, 2001. After this date, state and local funds must be used. The work group reached consensus that, to the extent possible, resolution activities should occur prior to June 30, 2001.

The DOL representatives informed the work group that cost limitations may not apply to Program Years 1998 and 1999. They will seek further clarification on whether the entire allocation is exempt or only the funds used for closeout. They will also seek clarification on the definition of closeout activities. If DOL waives the cost limitations for closeout activities only, SDAs will be required to report these expenditures separately.

The work group discussed the issue of unpaid and unclaimed checks. An SDA representative indicated that they have a local policy to void such checks after 90 days.

Unclaimed payroll checks revert to the State Controller's Office where the funds remain available for one year. After this time, the funds go to the State General Fund.

Program income must be liquidated before submission of the final expenditure report. The group recommended that policy guidance address the need to expend program income and the timelines associated with its expenditure.

Disposition of Property

Based on the work group's discussion, the state needs to develop guidelines for the disposition of property. There are currently three types of property in the SDAs:

1. CETA property;
2. Pre-amendment with a $1000 acquisition cost; and
3. Post-amendment with a $5000 fair market value.

Since property is governed by regulations, the work group recommends that the state seek a waiver from DOL to have only one rule apply to all property – the $5000 fair market value. This will assist in the transition process to the Workforce Investment Act (WIA) program.

The SDAs should maintain an inventory list of all property and update it periodically. The next physical inventory is required by June 30, 2000. The JTPA Directive D97-6, *Procurement*, prohibits purchasing of real estate. The SDAs that acquired real estate, prior to the effective date of the Directive (September 11, 1997), will need disposition instructions from the Job Training Partnership Division.

Participant Transition

The work group discussed issues related to transitioning participants to the WIA program. The DOL representatives reported that, if participants have received assessment, the state has the option to enroll these individuals into WIA. If participants are enrolled in JTPA, they may be grandfathered into the WIA program.

Training provided by vendors may continue under WIA. However, training and services may not be provided with JTPA funds after June 30, 2000. Prepaid tuition must be prorated and WIA must pay for activities after June 30, 2000.

Timelines

For closeout purposes, the state must itemize all property and provide certification by the Governor in a report to DOL. The SDAs will also be required to provide an inventory list of their property to the state for closeout.

The JTPA funds may be expended for liabilities until June 30, 2001.

Records Retention

The JTPA records need to be stored according to requirements in the regulations, even for those SDAs and service providers that are not WIA entities. The SDA contracts with service providers should specify that records must be retained. Program Year 1998 and 1999 closeout funds may be used for this purpose.

The work group discussed the issue of pre-paying for the storage of records for audits for three years from the issuance of the final expenditure report, which is due June 30, 2001. The DOL representatives in attendance will check into this issue.

The state will provide direction to governmental entities regarding liability for Private Industry Councils that are non-profit agencies. The Family Economic Security Act Section 15023 extends liability to local elected officials in each SDA for funds expended by their respective Private Industry Councils.

Audit Resolution

Representatives from the Compliance Review Division indicated that monitoring will occur through the end of JTPA. However, they do not have a current plan as to which areas will be monitored. They noted that the resolution of monitoring findings should not be a problem after the closeout of JTPA since very few monitoring findings result in disallowed costs.

The Compliance Resolution Unit of EDD is responsible for the resolution of audits, grievances and cost compliance issues. They have approximately 120 active cases, with about 30 cases resulting from audits. The EDD's Fiscal Programs Division is responsible for the collection of debts which is currently $168,000. Additionally, there are $6 million in findings that are still in resolution. The state needs to address policy and procedures for SDAs regarding the resolution of audits after closeout.

Another issue arose concerning the JTPA 8 Percent program. The California Department of Education (CDE) will be required to submit a final report of all 8 Percent grantees. This means that all entities funded with 8 Percent funds will also have to submit final reports to CDE.

Payment of Employee Benefits

The payment of employee benefits was a problem when CETA closed out. Each SDA is governed by its own rules, and service providers generally have their own rules.

The work group discussed funded and unfunded leave programs. Civil service entities generally have funded leave systems. If JTPA employees transfer to the WIA agency, the new agency may request that leave be paid by the old agency (JTPA). For entities with unfunded leave programs, JTPA will not pay for the leave of employees moving to other agencies. Entities cannot change leave programs unless the entire organization (e.g., county) changes.

The SDAs should be aware of the potential costs associated with unfunded leave programs. If an SDA has employees not transitioning to a WIA entity, they need to allocate funds for unused leave for these employees.

Severance packages and executive buy-outs must be policy or part of the employee contract. The SDAs should be aware of potential costs associated with these packages and make allowance for the related costs.

Unemployment Insurance (UI) issues arise from nonprofit and governmental entities that elect self-coverage. If an entity goes out of business, the state has a fund to cover the costs of employees filing UI claims. For entities electing self-coverage, UI claims may become unfunded liabilities.